

## Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 AGRE-00 STRE-00 EB-03 CIAE-00  
INR-05 SIL-01 SP-02 PRS-01 TRSE-00 L-01 /036 W  
-----260731Z 106817 /20  
R 251643Z MAR 77  
FM USMISSION EC BRUSSELS  
TO SECSTATE WAHDC 3366  
INFO USDEL MTN GENEVA

C O N F I D E N T I A L EC BRUSSELS 02935

LIMDIS

PASS AGRICULTURE AND STR ELECTRONICALLY

E.O. 11652: GDS  
TAGS: EAGR, EEC, ETRD  
SUBJECT: US/EC AGRICULTURAL DISCUSSIONS WASHINGTON  
APRIL 14-15

REF: (A) MTN GENEVA 2159, (B) EC BRUSSELS 2590

1. MISSION APPRECIATES MTN GENEVA'S STIMULATING COMMENTS ON THE US/EC AGRICULTURAL DISCUSSIONS. THERE ARE, HOWEVER, TWO PRINCIPAL POINTS WHERE WE BELIEVE GENEVA'S COMMENTS HOW THAT OUR ORIGINAL MESSAGE WAS NOT AS CLEAR AS WE WOULD HAVE WISHED.

2. FIRST, HOWEVER, A WORD ON ATMOSPHERICS. THE APRIL WASHINGTON TALKS, AND THEIR SEQUEL, ARE A UNIQUE OPPORTUNITY FOR THE NEW US ADMINISTRATION TO BRING A BREATH OF FRESH AIR INTO AN ATMOSPHERE OF SUSPICION AND ACRIMONY ON BOTH SIDES. THE EC TEAM GOING TO WASHINGTON (RABOT, JACQUOT AND PIZZUTI) HAS BEEN HEAVILY INVOLVED IN ALL THE PAST YEARS OF CONFRONTATION. THEY ARE AMONG THOSE PARTICULARLY SENSITIVE ABOUT A "US ATTACK ON THE CAP". WE THINK IT IS IMPORTANT TO TRY TO STRENGTHEN AT THE  
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OFFICIAL LEVEL THE GOOD TONE ESTABLISHED BY THE BERGLAND/GUNDELACH TALKS. WITH SO MANY EC "OLD HORSES" PRESENT, THIS CAN PROBABLY BEST BE DONE BY STEERING THE DISCUSSION IN THE DIRECTION OF AGENERAL EXPLORATIONS OF/AND AGREEMENT ON CONCEPTS. WESHOULD MAKE CLEAR WE ARE NOW LOOKING TO THE FUTURE TO SEE WHERE TOGEHTER WE CAN DEVELOP OPPORTUNITIES FOR SUCCESS IN SUBSTANTIVE AREAS, WHILE SIMULTANEOUSLY

AVOIDING FINGER-POINTING AT WHO WAS RESPONSIBLE FOR THE  
CURRENT IMPASSE.

3. FIRST MAIN POINT, TARIFFS - ON SUBSTANCE GENEVA IS RIGHT.  
THE TARIFF ITEMS IN THE AGRICULTURE FIELD ON WHICH WE ARE  
SEEKING CONCESSIONS ARE OF MAJOR SIGNIFICANCE TO THE UNITED  
STATES. WE CALCULATE THAT A TOTAL OF SOMEWHAT OVER ONE  
BILLION DOLLARS OF US AGRICULTURAL EXPORTS TO THE COMMUNITY  
ARE IN TARIFF ITEMS, I.E., HALF THE VALUE OF THE VARIABLE  
LEVY ITEMS. HOWEVER AS GENEVA SAYS OUR REAL INTEREST IS  
CONCENTRATED IN ONLY A FEW OF THESE ITEMS RATHER  
THAN IN THE TOTAL NUMBER OF TARIFF ITEMS COMPRISING AGRICULTURAL  
IMPORTS INTO THE COMMUNITY. DURING THE WHOLE COURSE OF THE  
NEGOTIATIONS, WE MUST KEEP CLEARLY IN MIND THAT A PRINCIPAL  
GOAL IS TO ATTAIN SUFFICIENT TARIFF REDUCTIONS ON THE  
ITEMS OF REAL US INTEREST.

4. THIS WILL NOT BE EASY, WHETHER WITH A REQUEST-OFFER PROCE-  
DURE OR A TARIFF FORMULA-EXCEPTIONS PROCEDURE OR OTHERWISE. FOR US,  
THE APPEAL OF THE TARIFF FORMULA IS THE CONCEPTUAL TRADE-OFF  
BETWEEN THE CONFLICTING DOCTRINAL POSITION OF THE EC AND THE US.  
WE MAINTAIN THAT AGRICULTURE AND INDUSTRY SHOULD BE NEGOTIATED  
IN LOCK STEP. THE COMMUNITY MAINTAINS THAT AGRICULTURE IS  
ENTIRELY DIFFERENT. CONCEIVABLY THERE IS A CLASSICAL DIPLOMATIC  
COMPROMISE AT WHICH WE COULD ARRIVE. WE WOULD AGREE TO HANDLE  
GRAINS AND OTHER VARIABLE LEVY ITEMS SEPARATELY AND THE COMMUN-  
ITY WOULD AGREE TO HANDLE AGRICULTURAL ITEMS PROTECTED BY  
TARIFFS PURSUANT TO THE TARIFF FORMULA. EACH SIDE COULD CLAIM  
CONSIDERABLE SUCCESS FOR ITS VIEWPOINT AND WE COULD GET ON WITH  
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THE SUBSTANTIVE NEGOTIATIONS. INCIDENTALLY, AND IT IS NO SMALL  
POINT, WE ALSO AGREE WITH GENEVA THAT WE MUST NOT AGAIN BE TRAPPED  
IN THE PROCEDURAL DISPUTE OF THE LABEL ON THE DOOR WHERE DISCUS-  
SIONS TAKE PLACE. WHAT COUNTS IS SUBSTANCE AND THAT WILL BE  
SETTLED PRIMARILY IN BILATERAL DISCUSSIONS.

5. BUT, SAYS GENEVA, THE COMMUNITY WON'T AGREE TO A TARIFF  
FORMULA. PERHAPS NOT, BUT WE KNOW THAT SOME OF THE KEY ACTORS IN  
THE COMMISSION AND IN THE UK ARE FAVORABLY DISPOSED. WE THEREFORE  
URGE THAT THE POSITION BE MAINTAINED AT LEAST THROUGH THIS ROUND  
OF OFFICIALS TALKS AND THROUGH THE NEXT EXCHANGES WITH GUNDE-  
LACH. IF GUNDELACH SOMEDAY CONVINCINGLY TELLS US IT WON'T FLY  
WITH THE MEMBER STATES, THAT WILL BE THE TIME TO LOOK FOR ANOTHER  
APPROACH THAT WILL FLY.

6. SECOND MAIN POINT - GRAINS - THE LAST SENTENCE OF PARA-  
GRAPH 4 OF GENEVA'S CABLE COULD BE READ TO MEAN THAT GRAINS UNDER-  
STANDING WOULD HAVE TO CONTAIN PROVISIONS, INTER ALIA, FOR THE  
SUSPENSION OF EC IMPORT LEVIES IN CASES OF WORLD SURPLUSES, I.E.

WHEN WORLD PRICES FALL TO THE LEVEL OF US SUPPORT PRICES. IN OUR JUDGEMENT, THIS IS SIMPLY NOT NEGOTIABLE. TO ADVANCE THE IDEA WOULD REVIVE THE OLD EC FEARS ABOUT DIRECT ATTACKS ON THE CAP. CONSEQUENTLY, WE URGE THAT THE QUESTION OF ACCESS BE HANDLED WITH GREAT CARE IN THE APRIL MEETINGS. WE RECOMMEND THAT WE REGISTER A DESIRE FOR GREATER ACCESS WITHOUT GOING INTO FURTHER DETAIL.

7. WE HAVE TWO FOOT NOTES ON POINTS MADE BY GENEVA, THROUGH WE DOUBT THAT WASHINGTON WILL WISH TO RAISE THESE SUBJECTS IN APRIL. ONE FOOTNOTE ON TOBACCO TARIFFS: WE DO NOT THINK THAT THE PRINCIPAL PROBLEM FOR THE UNITED STATES IS THE PRICE BREAK. THE COMMISSION'S TROPICAL PRODUCTS OFFER, IN EFFECT, ELIMINATED THE PRICE BREAK FOR MOST TOBACCOS FROM LDC'S OUR JOB NOW IS TO GET THE COMMUNITY'S TARIFFS ON OUR TOBACCO DOWN TO, OR AS CLOSE AS POSSIBLE TO, THE LEVEL OF THE COMMUNITY'S TARIFFS ON LDC TOBACCO. SHIFTING THE PRICE BREAK WOULD BE A SECOND

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BEST SOLUTION, AMOUNTING TO RECOGNITION THAT WE CANNOT ATTAIN PARITY WITH GSP. LET'S NOT DO THAT BEFORE WE HAVE TO. IF WE DO NOT SUCCEED IN GETTING THE FULL TARIFF REDUCTION WE WANT, WE COULD THEN FOCUS ON THE PRICE BREAK AS A WAY TO GET INCREMENTAL IMPROVEMENT.

8. SECOND FOOTNOTE ON SUGAR-ADDED: WE AGREE WITH THE GENEVA SUGGESTION THAT WE WILL NEED EVENTUALLY TO HANDLE SOME OF THE MORE ESOTERIC FEATURES OF THE SUGAR-ADDED LEVY. WE HAD NOT DISCUSSED THAT AND MANY OTHER POINTS OF DETAIL IN OUR ORIGINAL CABLE BECAUSE WE ANTICIPATED THAT THIS ROUND OF WASHINGTON DISCUSSIONS SHOULD CONCENTRATE ONLY ON EXPLORING A POSSIBLE CONVERGENCE IN CONCEPTS.

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## Message Attributes

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**Disposition Comment:** 25 YEAR REVIEW  
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**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
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**Subject:** US/EC AGRICULTURAL DISCUSSIONS WASHINGTON APRIL 14-15  
**TAGS:** EAGR, ETRD, US, EEC  
**To:** STATE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009